

**Energy Efficiency and Sustainable Energy Board
ENERGY EFFICIENCY RESOURCE STANDARD (EERS) COMMITTEE**

**Draft Minutes of the December 9, 2019 Meeting.
Hearing Room A, Public Utilities Commission, Concord**

Committee Members Present: Carol Woods (NH Electric Cooperative), Eric Stanley (Liberty Utilities), Cindy Carroll (Unitil), Jeff Marks (Acadia Center), Don Kreis (Office of the Consumer Advocate), Madeleine Mineau (Clean Energy NH), Becky Ohler (Department of Environmental Services, ex officio as EESE Board Chair), Kate Peters (Eversource), Raymond Burke (NHLA), Ryan Clouthier (SNHS), Tonia Chase (BIA), Matt Siska (GDS Associates)

Others present: Liz Nixon, Jay Dudley, Paul Dexter, Steve Eckberg, Jacqueline Trottier, Brian Buckley (all of the Public Utilities Commission), Christa Shute (Office of the Consumer Advocate), Christine Donovan / Emily Levin (VEIC, consultant to EERS Committee); Mary Downes (Unitil); Miles Ingram and James Butler of Eversource.

1. In his capacity as chair of the committee, Don Kreis called the meeting to order at 1:30 p.m.
2. Christa Shute, Office of the Consumer Advocate was appointed Secretary to take Committee minutes.
3. Approval of November 18, 2019 Minutes on the motion of Becky Ohler, the second of Ryan Clouthier, and a unanimous vote with one abstention.
4. Review of EE Goal Setting portion of VEIC presentation on energy efficiency trends.
 - a. See slide deck from VEIC, incorporated by reference. See slides 67-75.
<http://puc.nh.gov/EESE%20Board/Meetings/2019/20191118Mtg/20191118-EERS-Committee-EE-Trends-for-NH.pdf>
 - b. Key Points:
 - i. Energy efficiency (EE) is evolving from a reliance on widgets like lighting to data driven, system level strategies
 - ii. While EE is getting more expensive due to the lighting transition, it is still highly cost effective and there is plenty of savings left to capture
 - iii. EE and DERs can be integrated to meet both customer and grid needs
 - iv. Efficiency programs know how to engage contractors, design programs, and provide technical assistance. Customers are now navigating an increasingly complex energy landscape and these skills are needed more than ever
 - v. To realize the potential, success metrics for EE programs may need to evolve
 - c. Alignment of state policy goals with energy efficiency goals

- d. Key changes in other states:
 - i. MA Clean Energy Bill H4857 – moves from ‘electric’ to ‘energy’, adds storage, active demand management, and strategic electrification, including switching to renewables, and move from kWh to MMBtu, plus added goal around Peak kW.
 - ii. NY moving to performance based ratemaking – earning adjustment mechanisms (EAM)
 - iii. National Grid has EAM’s for system efficiency, energy efficiency, carbon reduction
 - iv. VT – added goals for GHG reduction

5. Working Group Presentations: synopsis of group work and status – all presentations can be found here:

<http://puc.nh.gov/EESE%20Board/CommitteeMeetings.html>

a. EM&V Working Group:

- i. **Presentation:** Included overview of EM&V; background on impact evaluations and process evaluations; key requirements from the Commission and ISO-NE, members of the working group, and list of 15 studies in progress or completed with links to reports
- ii. Discussion: Leveraging work of other states research – such as piggybacking on MA study of lighting market with NH specific scope. Used to be EM&V was utility based with PUC oversight; now includes a representative from the EESE Board.
- iii. EM&V will be ongoing working group including work to evaluate results and leverage evaluations and studies. The strategic evaluation plan being worked on collaboratively with the PUC EM&V consultant.

b. Funding and Finance Working Group: (no presentation)

- i. Purpose to look at financing and funding alternatives in addition to the funds that come from the SBC. See Chapter Four of the Plan Update. The plan can be found here:
https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136_2019-11-01_EVERSOURCE_UPDATED_EE_PLAN_REV.PDF
- ii. There are ongoing developments in the on-bill financing including increasing the maximum and extending it to reach out to small business and C&I. Loan amounts between \$3,000 and \$15,000.
- iii. Other items under consideration: moderate income with zero percent; offerings in partnership with local lenders; partnering with the Community Development Loan Fund; establishing a loan loss reserve.
- iv. Eversource has started rolling out a lending platform that allows on the fly loan approval within minutes.
- v. For next triennium the settlement agreement indicates this working group should provide recommendations for the 2021-2023 so this work is ongoing. Do not have details on recommendations at this point.
- vi. Work with grant consultant Dana Nute to identify potential foundation funding that might be a match.

1. Staff and OSI recently proposed \$5 million using it for funding and finance. This workgroup did NOT provide input to that recommendation though there was some discussion within the group.
 - vii. **See 2019 update for detail update on the workgroup. (See link in (i.))
 - viii. Next meeting is in January.
- c. **Benefit Cost Working Group**
- i. In addition to summary presentation (which includes links to the studies) see B/C Working Group Recommendations submitted to the commission in Docket DE 17-136 on 10/31/2019 here:
<https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136.html> Hopeful for an order by the end of the year. The two studies (Cost Effectiveness and Energy Optimization/Fuel Switching) and recommendations are for the next triennium plan.
 - ii. Purpose to look at when and how to include non-energy impacts (NEI's). Original 10% for all programs plus 10% income eligible adder.
 - iii. Move from the current – Total Resource Cost Test to the Granite State Test – with the potential for two secondary tests: Utility Cost test and Secondary Granite State test.
 - iv. Big change is the removal of participant costs from the test. The driver was state policy – state statutes do not say to include participant – except in the case of low income.
- d. **Performance Incentive Working Group**
- i. Purpose to review PI calculations – including metrics for income eligible and peak load reductions – with a goal for revising by 2020
 - ii. Culmination in working group report which is attached to the Plan Update as Attachment M.
 - iii. Current PI Formula been around since 2000 with some minor modifications and focused primarily on lifetime savings.
 - iv. New framework gives weight to other types of goals such as annual, summer and winter peak load, and NEI Value.
 - v. There were issues they didn't feel they had enough information that could be considered for the next triennium – including energy optimization, electrification – heat pumps, how renewables are integrated, gas peak demand.
 - vi. Converted over to the portfolio approach so no longer measuring according to sector – hoping some better screening projects will help out more costly low-income projects.
 - vii. The Value component is new and helps take into consideration fossil fuel savings in addition to kWh
 - viii. May want to add active demand in future once beyond demonstration
 - ix. Ideally address the above issues as part of the triennial plan process not in a separate working group.
- e. **Lost Base Revenue**
- i. With increased energy savings come decreased utility revenues – see foundational explanation for Lost Base Revenue on page 59 of Order

25,932 https://www.puc.nh.gov/Regulatory/Docketbk/2015/15-137/ORDERS/15-137_2016-08-02_ORDER_25932.PDF

- ii. Also known as Lost Revenue Adjustment Mechanism
- iii. Explored kW savings and impact on how LBR calculated
- iv. Report issued August 2018. See http://puc.nh.gov/EESE%20Board/EERS_Working_Groups.html#lbr
- v. In the order the commission states that approval of the LRAM does not limit subsequent consideration and approval of a different mechanism - and required to seek a decoupling in their first rate case after the first triennium if not before
- vi. Discussion: Don at OCA - Liberty has already proposed decoupling in gas and electric; LRAM is actually a form of decoupling but without protection or benefit to customer ratepayers

6. Discussion of Meeting Schedule

- a. December 16 to review goals and concerns
- b. January 6th for outside stakeholders
- c. January 13th instead of the 3rd Monday due to holiday
- d. February 3rd and 10th (MA has hearing week of 10th so Unitil people will not be able to attend).
- e. SEND THE LETTER INVITATION TO OUTSIDE STAKEHOLDERS THIS WEEK – EVERYONE NEEDS TO HELP GET THE WORD OUT – the draft letter can be found at the same link listed above for the presentations

7. Utilities Perspective on Policy Issues and Guidance to Consider in Plan Process

- a. Policy Issues may include:
 - i. Goals and metrics for measuring success of EE programs (kWh, kW, MMBtu, etc.)
 - ii. Minimum requirements or goals for low-income programs
 - iii. Planning cycle / relationship between three-year and annual plans
 - iv. Budget level and system benefit charge
 - v. Budget flexibility, such as year-to-year carryover
 - vi. Performance incentives
- b. Please see slides here:
<http://puc.nh.gov/EESE%20Board/Meetings/2019/20191209Mtg/20191209-EERS-Committee-Utilities-EERS-Goal-Setting.pdf>
- c. ****Multiple goal categories and levels with associated cost implications. Utilities need thoughts and feedback on what is most important – then they can do modeling and analysis to attach costs to it for review.**** **Ie – goals and scale need to be discussed at the same time as funding levels.**
- d. Fuel neutral – so home performance and income weatherization can use SBC funds – so may want to consider a fuel neutral goal in the next plan if counting fossil fuel savings
- e. Liberty comment: potential casualty of the BC change is the existing home energy reports may drop because can't include NEI test and some of them passed based on NEI adders – they made up 20% of savings so if that goes away how does it

get made up?

- f. Would like to look at 36 month budget instead of 12 month budget – so that a three year plan rather than three – one year programs.

8. **Other EERS Committee Member Perspectives and Discussion**

- a. OCA - data is important and the associated privacy - data platform - a lot of what makes EM&V challenging is the lack of robust data at a granular level - what is it achieving on the ground - making sure we don't get too silo'd - doing the right things and making progress on leveraging data in this context - customer access to data, ability to share with vendors.
- b. Becky - MMBTU savings (GHG reductions) back to work under BC Group - really only allowing cost benefit to be calculated on existing state policy and don't have that on reducing heating fuels or reducing GHG - do we think that is a limiting factor - to be absent that policy - to push towards those programs - if not going to give utilities credit for it because not a policy going to be difficult for them to do it.
- c. Emily/VEIC - reasons not to develop on future policy - but that is coming into play in electrification - conversations around developing for current grid vs future grid
- d. Don/OCA - think the utilities are to some degree genuine champions of EE - C&I customers, BIA end users and manufacturers - do some - helping to advance the states policy climate
- e. Miles/Eversource - in EO review with Navigant - inverse cost shift issues - ways outside of MMBtu to look at programs that could influence
- f. Tonia/BIA - is there some point where we stop talking about MMBTu and start looking at carbon equivalent - let's take the ones that do the most good soonest - if going to save 10 tons of carbon equivalent that does that in a year vs over 30 years - like solar - high initial carbon expenditure - what does the life cycle look like - where if manufacture in china with coal - how long to make that back -
- g. Emily/VEIC - great question - to add to that is balancing the low hanging fruit - - because it makes it impossible to get into the building again - using low hanging fruit - to get other work done at the same time
- h. Tonia/BIA - but incentivize a heat pump but won't have done the sealing ahead of time doesn't make sense
- i. Madleiene/CENH - big picture - not support maintaining savings goals – would like to see ramping up - don't have number but continue to increase; support increased focus on demand management - making the active demand offering in consideration of kw savings more robust
- j. Liz/PUC - good policy list - need to discuss goals obviously, continue to look at LI, on three year plan look at beefing up the annual reporting if don't have updates, budget level on SBC - keep in mind that legislature didn't dictate it - but keep gradualism in mind; budget flexibility in PI good to look at. Things to add - outlined some in testimony (See: <https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136.html> on 11/13/2019) question whether it is appropriate to have demand response in EE programs -- like to look at that more.

- k. Paul/PUC - Geotargeting of energy efficiency is an issue that was to be addressed in the next triennium – because didn't want significant new ideas coming up in plan updates. - the big one that came up by OCA was geotargeting - commission ruled outside scope of update - but now applicable. Need to look in greater detail at admin costs.
 - l. Liz/PUC - Alternative structures to include low income involvement - different payment options. Settlement - prohibition of anyone but utilities doing it - and that would be addressed in the next triennium – and here we are - any proposals for third party administrators = either for the whole program or piece of it - get it on the list . One thing to keep in mind - LI programs - make sense to peel off that to a 3rd party provider or not - don't have to look at everything all together.
 - m. Matt/GDS - support moving from demonstration to active demand reduction - where headed as a region and has benefits - makes sense to think of it in the same context as energy efficiency - in the C&I space trying to get them to think about energy more holistically - active demand reduction fits in nicely with that. 2) workforce development is a big piece - can't find good qualified people to get out and do the work
 - n. Ray - great starting point - want to raise - low income program - acknowledge what talked about - challenge because still waiting on HEA evaluation and Low income study - coming out of EM&V - would inform that discussion - those things maybe should inform it at a future date//// - the conversation around data - we struggle with - a lot of it is we don't currently have the capacity to capture some of that data - don't know what is doable at practical consideration of cost LI program could benefit from more data - // then in addition to savings also looking at how many LI households are we serving - that's why retaining the budget dollars in the program year over year /// Jay alluded to - tough to come up with performance metric - looking at wait list for EE and Weatherization = and how to serve that // making sure LI households are served equitably through out the state - different regions have different challenges - not just going after low hanging fruit.
 - o. Kate/Eversource – The utilities are committed to these programs and doing the process well and the planning well.
 - p. VEIC utility working sessions start the end of January - so these topics are very time urgent - these are foundational elements from which this gets built - our best thinking and work together now - even if we are iterating - lets get 70-80 % of it locked down.
 - q. **Please spread the word about January 6.**
9. The next meeting of the Committee will be on Monday, December 16 at 1:00 p.m. at the PUC.
10. Adjournment: The meeting adjourned at 4:05 p.m.